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PROGRAMME PLANNING: COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

FOURTH COUNTRY PROGRAMME FOR VIET NAM

Note by the Administrator

I. PREPARATORY PROCESS

1. The programming exercise for the fourth country programme began with the mid-term review of the third country programme in November 1989. Reviews of the programmes of the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA) and the World Food Programme (WFP) took place simultaneously. This exercise identified certain shortcomings and bottlenecks in the third country programme, which led to recommendations for operational improvements and assistance to the Government's new macro-economic management activities in several high priority fields. While the original strategy of the third country programme was generally maintained, the accelerating pace of the economic reform process clearly had an increasing impact on programming decisions in 1990 and 1991. During the past two years, new activities have focused on support for economic reforms, the central theme for the fourth country programme.

2. The UNDP advisory note was accepted by the Government as the basis for developing the fourth country programme. During the programming exercise, the Government further elaborated the main thrusts proposed in the note (support for economic reform and key human development actions) as follows:

(a) Support for the economic reform process;

(b) Sustaining and strengthening economic performance;

(c) Support in key human development fields;

(d) Support for environmentally sustainable growth and settlements development.

3. These four programme areas emerged through a series of consultations with the Government, during which Viet Nam's draft Five-Year Plan 1991-1995, and the technical cooperation priorities emerging from that draft, were discussed in the context of General Assembly resolution 44/211 and Governing Council decision 90/34 of 23 June 1990 on the fifth programming cycle. A number of other background documents, most of which include an assessment of technical cooperation needs, gave substantive guidance to the discussions, e.g., the draft policy documents published in advance of the VII Party Congress in mid-1991, the major "Report on the Economy of Viet Nam" undertaken jointly by UNDP and the State Planning Committee in 1989-1990, and several UNDP-supported sectoral studies (including those for agriculture, forestry, education, transport, environment and sustainable development, human settlements, water supply, industry and informatics, as well as tourism, civil aviation and Mekong Delta master plans).

4. It would have been desirable to synchronize the fourth country programme fully with the 1991-1995 Plan; however, only the main elements of the Plan were available, in draft form, by early 1991, and the final version is not expected to be approved much before the end of 1991. It may result that the fourth country programme and the National Plan start at about the same time. The Government has specifically requested that 1992-1996 be the fourth country programme period and has chosen the same period for the next UNFPA programme. The fourth country programme makes reference to the Government's long-term Socio-Economic Strategy up to the year 2000, which, in a time of radical change in the planning process made necessary by the move from a command economy to a more market-oriented economy, provides a welcome long-term perspective.

5. There are only a small number of donors active in Viet Nam. Continuing informal consultations have been held with them and with United Nations system organizations on the scope and direction of the proposals for the fourth country programme in order to ensure optimal coordination of assistance. As a consequence of international political factors, multilateral financing institutions such as the International Monetary Fund (IMF), the World Bank and the Asian Development Bank (AsDB) do not have, as of mid-1991, programmes of assistance to Viet Nam. Also, an economic embargo is exercised by potentially important donor countries. However, there are expectations that these barriers may begin to fall, with consequent increases in Official Development Assistance (ODA). UNDP has therefore provided high-level advice to the Government on strengthening its aid management and coordination mechanisms and has made related training arrangements; support will be continued, as required. When circumstances are favourable, the Government is expected to request that an appropriate donor consultation meeting be arranged.

6. With a negative carry-over from the third country programme of $6.2 million, the indicative planning figure (IPF) available for the fourth country programme will be $86.6 million. In addition, at least $12 million

will be available from the United Nations Capital Development Fund (UNCDF), the United Nations Development Fund for Women (UNIFEM) and the Global Environment Facility (GEF), bringing the total fourth country programme resources to $98.6 million. It is expected that by the end of 1991, $43.6 million of this amount will have been committed (nearly all within the four programme areas for the fourth country programme), leaving $55 million for additional new programming.

II. ANALYTICAL COMMENTARY ON THE COUNTRY PROGRAMME

7. While not officially a least developed country (LDC), Viet Nam, with a gross domestic product (GDP) per capita estimated at $190 for a population of 65 million (1989 census), presents many of the development challenges of an LDC. But it has, at the same time, some specific advantages: a highly literate population (88 per cent), with minor gender disparities, and a large pool of technically qualified but often underutilized personnel, both men and women. However, the industrial infrastructure, while fairly diverse, is mostly outdated and the power supply and transportation systems are seriously deficient and inefficient. To be competitive in the midst of changes in the international economic order and to exploit fully what comparative advantages it has, the dominant and possibly long-term theme in Viet Nam's economic and social development is the economic reform process and the many human development concerns which are concomitantly coming to the fore.

8. The four key programme areas (see paragraph 2) focus precisely on the country's highest priority development objectives and the proposed country programme predominantly contains activities in which UNDP possesses distinct strength and comparative advantages over bilateral assistance programmes (e.g., impartiality, access to universal expertise, freedom from political considerations). The distribution of IPF resources foresees that some 60 per cent will be used to support the economic reform process; 30 per cent for key human resources development actions, environment, and human settlements; the remaining 10 per cent will be for cooperation in other priority areas.

9. In the absence of assistance from multilateral financing institutions such as the World Bank, AsDB and IMF, and because of the rather small number of active bilateral donors, UNDP assumes added significance and a pivotal position in Viet Nam's development efforts, especially in the enhancement of the economic reform process. The fourth country programme will continue, adjust appropriately, and expand pertinent activities initiated under the third country programme, including the promotion and support of the private sector, organizing investors' forums, the introduction of the United Nations system of National Accounts, the establishment of a Central Government project evaluation unit, foreign trade strategy development, policy advice on essential pricing interventions and on petroleum and mineral legislation. Also to be continued are Management Development Programme (MDP) activities in macro-economic policy and reform of the legal and public administration systems, advice and training for the State Planning Committee on new planning

techniques, and for the Ministry of Finance and the State Bank to reform the financial and banking systems. The World Bank and the IMF have been involved as executing agencies in many of these key projects. This has led to many direct contacts between the Government and these institutions which will facilitate the start of their own activities when remaining barriers are lifted.

10. The possible negative impact of the economic reforms, including the risk of losing social benefits acquired with much difficulty, is directly addressed under the human resources development activities of the fourth country programme. The programme will see, for example, the improvement and expansion of training of government officials in gender-responsive planning; women-in-development policy development; the conduct of an education sector review and human resource analysis; the completion of a master plan for Quang Ninh province (in connection with the European Economic Community (EEC) and other donor interest in assisting in the reintegration of returning boat people); a needs assessment for the ethnic minorities; the formulation of a labour code; the development of a major employment and human resource development programme; social security system rationalization and development; the strengthening of social statistics methodology and analysis; and poverty alleviation measures using area-focused and grass-roots interventions in collaboration with non-governmental organizations (NGOs) and using United Nations volunteers wherever possible and emphasizing full attention to involvement of women in all respects. Activities will also result in strengthened collaboration with NGOs within the framework of the National Action Plan on Environment, the Partners in Development Programme (including the updating of an NGO directory and the strengthening of the National Focal Point for NGOs), through the National Committee for Disaster Reduction and the National Committee on AIDS.

11. In its effort to concentrate the use of limited country programme funds predominantly in the highest priority areas, Viet Nam has not proposed specific activities in all six areas of focus set out in paragraph 7 of Governing Council decision 90/34 of 23 June 1990; as shown in annex II of document DP/CP/VIE/4, however, the four areas of concentration chosen by the Government are interrelated with the areas of focus.

III. MANAGEMENT OF PROGRAMME IMPLEMENTATION

12. The arrangement whereby UNDP cooperation is managed and coordinated by the State Planning Committee, which is also the designated focal point for World Bank and IMF contacts, as well as for most bilateral agencies, is an effective and appropriate one. While much remains to be done to strengthen the organization and staffing of the State Planning Committee, an excellent working relationship exists which easily permits both routine and ad hoc consultations on programme development and implementation. UNDP is also working in close partnership with the State Committee for Sciences, designated as the focal point for national execution services, on enhancing the capacity of the Government to execute projects.

13. The sectoral planning process is being undertaken in a period of rapid economic transition although information on capital and recurrent resources needs and availability is still lacking. Based largely on UNDP-financed sector studies and master plans, the programme approach modality will focus initially on achieving an internal coherence in UNDP cooperation that is in consonance with the new programme areas and national priorities.

14. The Government is committed to adopting national execution as a significant modality by the end of the fourth country programme. In preparation for national execution, intensive training of future National Directors is in process and a manual on UNDP policies and procedures was introduced in 1990.

15. The utilization of the Transfer of Knowledge Through Expatriate Nationals (TOKTEN) and technical cooperation among developing countries (TCDC) modalities, started during the third country programme, will be further enhanced to take best advantage of the rich experience of Vietnamese living overseas and institutions in South and East Asian countries, specifically in the field of economic reform and transfer of technology. It is hoped that the United Nations Volunteers (UNV) programme will also expand as well as the collaboration with international and national NGOs operating in the country, with a view to fostering the participatory approach to development. The full participation of Viet Nam will be ensured in all appropriate regional and subregional programmes.

16. Drawing upon the experience gained in the implementation of previous country programmes and bearing in mind the need for flexibility during a period of difficult economic transition, the progress of the fourth country programme will be closely monitored in order to ensure that the overall goals are reached, making needed course corrections as demanded by emerging developments. Success indicators have been established for each of the four areas of focus. These will permit an objective review of the programme during the course of its implementation.

IV. RECOMMENDATION

17. The proposed fourth country programme for Viet Nam supports the new economic policies and reforms being adopted and implemented and addresses key human development concerns that are coming to the fore, many as a consequence of the reforms. It gives much greater emphasis than before to policy analysis and advice, and direct support for the implementation of new policies. The programme is well-focused and ensures the best use of UNDP resources in support of national goals and objectives. The Administrator endorses and recommends approval of the country programme.